



VIA ECSF Filing

August 10, 2015

Marlene H. Dortch, Secretary

Federal Communications Commission

Office of the Secretary

445 12th Street SW Room TW-A325

Washington, DC 20554

Re: WC Docket No. 10-90, Alternative Connect America Cost Model (A-CAM)

Ms. Dortch:

The purpose of this letter is to express some of the concerns of the Oregon Telecommunications Association (OTA) about the use of the A-CAM in its current iteration. The OTA is a statewide trade association that represents the interests of small Rural Local Exchange Carriers (RLECs) operating throughout Oregon. The OTA also represents Frontier Communications and certain Competitive Local Exchange Carriers. The comments reflected in this correspondence are submitted on behalf of our RLEC members.

The goal of developing a model that can be used to provide certainty in the amount of support to be received over ten years is a laudable goal. However, adopting a model just to adopt a model is not the right direction. Before a model is adopted, it should be clear that the model produces accurate results. That has yet to be demonstrated for the A-CAM.

Attached to this correspondence as Appendix A is a spreadsheet analysis of the impact of the A-CAM (focusing on alternative 1.3) as proposed by the Federal Communications Commission (FCC) on the RLECs in Oregon and, by extension, all Oregonians served by these companies. The results do not appear to be correct on an intuitive basis.

In recent weeks, the FCC has received many comments pointing out deficiencies and weaknesses in the current version of the A-CAM. For example, reference the June 24, 2015 correspondence from NTCA- The Rural Broadband Association, NECA and WTA-Advocates for Rural Broadband and the July 13, 2015 Comment from Vantage Point Solutions, Inc. OTA seconds the concerns raised and urges the FCC to

address those concerns by revising the A-CAM to be more accurate and a better predictor of the cost to build out broadband capable networks.

OTA is aware of Public Notice DA 15-869 in which the Wireline Competition Bureau announced upcoming modifications to the A-CAM. This is a good step forward. In particular, the step of allowing carriers to submit study-area specific plant mixes should help. However, the announced modifications do not address many of the concerns raised in recent weeks. OTA encourages further work to refine the A-CAM into a useful tool.

The variation in winners and losers under the current version of A-CAM will directly translate into stranded broadband investment and no further broadband investment in certain parts of Oregon. It appears as though the model ignores the very simple fact that the RLECs have carrier of last resort obligations not shared by any facilities based unsupported competitor. These unsupported competitors, while perhaps serving some (and certainly not all) of an incorporated city certainly do not serve those areas outside city limits.

A prime example is St. Paul. It is shown under the A-CAM as getting \$0 support. Presumably that is because some competitor says it serves one or more customers in the census blocks served by St. Paul.¹ OTA can tell you with certainty that given the very rural area served by St. Paul that the competitor is not capable of service to all or even most of the customers in that area.

The OTA RLEC members understand the need to deploy broadband infrastructure in Oregon. The public pressure to do so has been present for a number of years. Our members have responded to the need by making capital investments in fiber and other facilities to meet the demand by the public and the FCC for broadband deployment. If an inaccurate A-CAM support model is adopted and support through current mechanisms are reduced, the result is an environment that would end that deployment and halt any future maintenance and replacement of the infrastructure currently providing rural Oregonians access to healthcare, essential government services, business opportunities and education services in most rural Oregon areas.

The Oregon RLECs have invested in fiber and broadband. Whether they will continue to do so is an open question. It is also an open question whether Oregon RLECs can pay back existing loans for that fiber investment if federal support is significantly reduced. RLECs exist in a very uncertain economic situation. A faultily constructed A-CAM will only contribute to that uncertainty.

This correspondence is meant to broadly inform anyone interested in rural Oregon of the potential loss of broadband investment by OTA's RLEC. It is also meant to start a conversation with any policy maker interested in maintaining future broadband investment in these areas. Our sincere hope is that there are at least a few such public policymakers in Oregon and Washington, DC.

Finally, this correspondence is meant to remind policymakers of a fact that seemingly has been lost: *a geographic area does not have to be remote to be rural*. The RLECs serving Stayton, Gervais, Scio and

¹ In Public Notice DA 15-868 St. Paul is listed as 100% overlapped. Factually, that is incorrect.

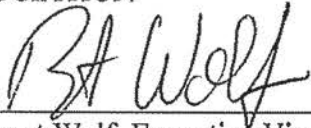
other areas do in fact serve rural Oregon with badly needed broadband infrastructure. The fact that an unsupported competitor serves some parts of those city centers should not result in lost economic opportunities in areas surrounding town. That simply does not make sense.

This correspondence concludes with a partial quote from Agriculture Secretary Tom Vilsack in a press release (release no. 0221.15) dated July 30, 2015 announcing the availability of a broadband loan program: "Broadband is as vital as electricity was 80 years ago" The OTA and our RLEC members could not agree more.

If there are any questions or comments about this correspondence please do not hesitate to contact me. The OTA would appreciate the opportunity to more fully discuss the negative impact of the A-CAM support models.

Respectfully submitted.

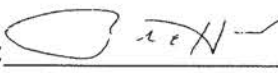
OREGON TELECOMMUNICATIONS
ASSOCIATION

By: 
Brant Wolf, Executive Vice President

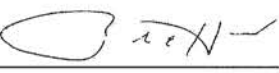
BEAVER CREEK COOPERATIVE
TELEPHONE

By: 
Paul Hauer, President/CEO

MT. ANGEL TELEPHONE COMPANY

By: 
Paul Hauer, President/General Manager

CANBY TELEPHONE ASSOCIATION

By: 
Paul Hauer, President/General Manager

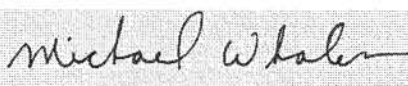
COLTON TELEPHONE COMPANY

By: /s/Steve Krogue
Steve Krogue, General Manager

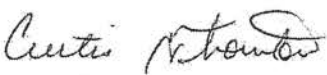
MOLALLA TELEPHONE COMPANY

By: /s/Steve Loutzenhiser
Steve Loutzenhiser, President/CEO

PIONEER TELEPHONE COOPERATIVE

By: 
Michael Whalen, Exec. VP/General
Manager

STAYTON COOPERATIVE TELEPHONE
COMPANY

By: 
Curt Thornton, President/CEO

EAGLE TELEPHONE SYSTEM, INC.

By: /s/Mike Lattin
Mike Lattin, President

MONROE TELEPHONE COMPANY

By: /s/John Dillard
John Dillard, President

GERVAIS TELEPHONE COMPANY

By: /s/John Hoffmann
John Hoffman, President/CEO

OREGON TELEPHONE CORPORATION

By: /s/Garrin Bott
Garrin Bott, President

MONITOR COOPERATIVE TELEPHONE

By: /s/Geri Fraijo
Geri Fraijo, President/CEO

SCIO MUTUAL TELEPHONE
ASSOCIATION

By: /s/Tom Barth
Tom Barth, CEO/GM